

Our Budget Crisis Impacts Georgia

Significant, continuing investment in Georgia's transportation network is the only way to protect our existing infrastructure and to make it viable for our future. Otherwise...

- **We will literally erode Georgia's long-standing reputation** for having some of the best-maintained roads in the country;
- **Georgia will continue to grow in population and will lose jobs** as companies locate in areas that are not plagued by congestion;
- Without continued investment, **Georgia's transportation infrastructure will be compromised by deteriorating roads and bridges** and the impact of growing commercial freight rail and truck movement from the Ports;
- **The Department's unfunded local government needs**, including emergency and completion of the GRIP system, will be significantly reduced.



For Your Consideration: New Funding Strategies

Although the Department has taken significant steps to balance our budget and adjusted operations to maintain necessary programs, we must have a sustainable funding source to preserve our transportation system and to meet future needs.

We have identified some measures that can provide additional funding sources; however, we need your support and action to achieve the results most beneficial to Georgia. We suggest the following strategies for new funding sources:

- **Redirect the G.O. Bond debt service** to be paid back from the General Fund, rather than our motor fuel tax collections. Debt service of other state DOTs is paid from their General Fund.
- **Allow the one percent (1%) motor fuel tax to come directly to Georgia DOT** instead of to the state Treasury, resulting in an additional \$165-175 M in funds to the Department, the total generated by the 1%.
- **Enact Legislation to establish a T-SPLOST or statewide tax.** If we want Georgia's roads to continue to be among the best-maintained roads in the nation, we must make the required investment.

How Will We Use Additional Funding?

Goals & Objectives for Statewide Strategic Transportation Plan

- **Supporting Georgia's economic growth and competitiveness**
 - Improve access to jobs which encourages growth in private sector employment and work force
 - Reduction in congestion costs
 - Improve efficiency and reliability of commutes in major metropolitan markets
 - Efficiency and reliability of freight, cargo, and goods movement
 - Provide border to border interregional connectivity
 - Support local connectivity to statewide transportation network
- **Ensure safety and security**
 - Reduction in crashes resulting in injury and loss of life
- **Maximize the value of Georgia's transportation assets**
 - Optimize Capital asset management
- **Minimize the impact of transportation on the environment**
 - Reduce emissions, improve air quality statewide, and limit our footprint

The remaining 5100 employees of the Georgia Department of Transportation stand ready, willing, and able to meet Georgia's current and future transportation needs. With a successful effort for transportation funding this legislative session, all of Georgia will travel easier. Visit the IT3 Web site at: www.it3.ga.gov.

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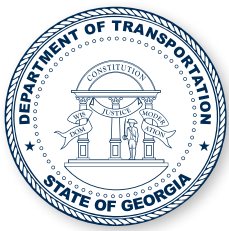
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Georgia Department Of Transportation

Investing In Our Future



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Here’s the Good News: Balanced ‘09

Fiscal Year 2009 was a difficult and transitional budget year for Georgia DOT, as it was for all state agencies. Our main funding challenges were:

- Continuously **declining state motor fuel tax revenues**
- The commitment of \$456 million of the Department’s FY 2009 funds to **balance our FY 2008 budget deficit**, and
- Beginning FY 2009 with **more than half of our FY 2009 motor fuel funding already spent**.

Despite these obstacles, Georgia DOT ended FY 2009 with a positive motor fuel fund balance of over \$331 million. How did we do it?

- **Used federally-recognized Advanced Construction (A/C)** conversion with available FY 2009 federal-aid dollars to obtain reimbursement for existing projects that were underway or completed. As a result, Georgia DOT recouped \$717 million in previously A/C-committed state motor fuel funds, which restored the state motor fuel tax budget for new construction and maintenance projects and improved the Department’s cash flow position.
- **Careful financial management** and finding ways to do more with significantly less freed up motor fuel funds.

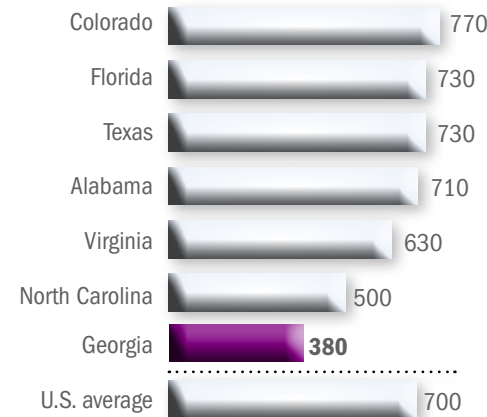
Doing More with Less in a Tough Economy

- Implemented Department-wide **employee furloughs** one day per month through FY 2010 to achieve a savings of more than \$9 million.
- **Reduced our employee head count by 412 during FY 2009**. These employees were not replaced. Currently the Department has approximately 5100 employees.
- Implemented a **hiring freeze (only critical hires allowed) for savings of \$4 million** as of June 30.
- **Deferred routine maintenance** of roads and bridges. **No funding for emergency activities**.

In recent years, Georgia has invested 45% less in transportation than other U.S. states

Total highway and transit resources – 2006*

Dollars per capita



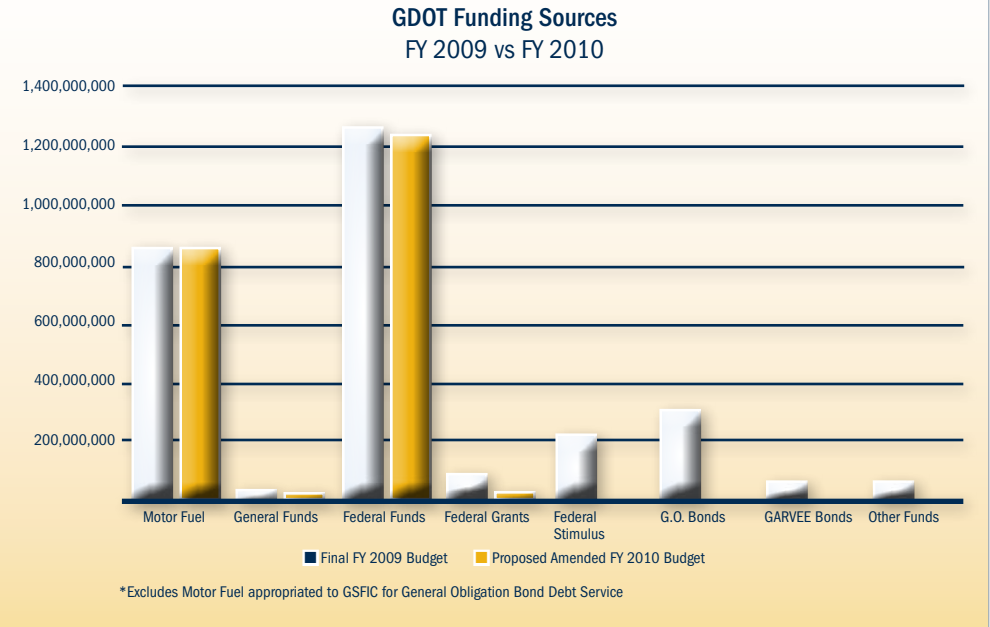
■ Georgia has the 2nd lowest transportation resources per person in the U.S.

■ Tennessee ranks last, with \$354 of transportation revenue per capita

*Latest local resource figures available for other states are from 2005. The 2006 estimates of local resources are based on historical trends. Transit fares and other revenues are included in local receipts. Excludes proceeds from bonds and revenue generated by transportation that isn't spent on transportation

Source: Federal Highway Administration, National Transit Database, U.S. Census Bureau estimates

How Do We Use Your Money?



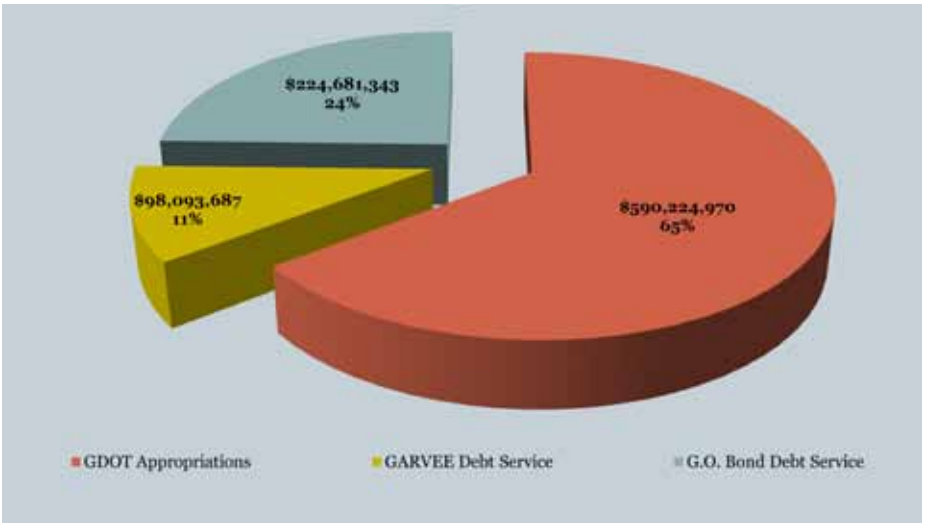
Impact of Declining Motor Fuel Collections

Proceeds from the state’s **motor fuel taxes are constitutionally earmarked to support projects on Georgia’s roads and bridges**, like State Aid and LARP and to provide matching funds for the state’s federally-funded road projects. In addition, **motor fuel collections fund our annual general operations budget** (maintenance, emergency assistance) and **Georgia is one of a very few states nationwide that requires its DOT to repay annual debt service with motor fuel tax collections**...off the top.

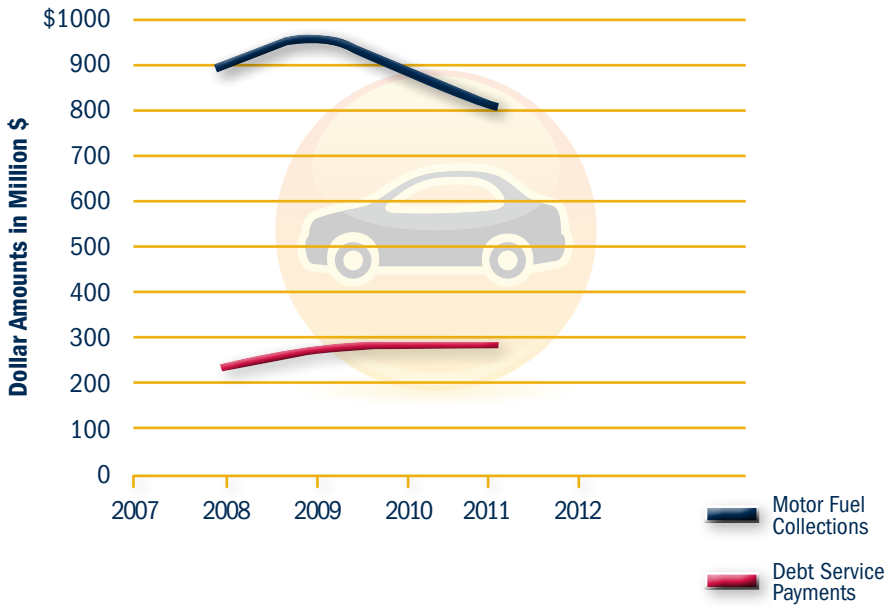
Despite the importance of this funding source to Georgia DOT, in recent years:

- Motor fuel tax collections have been declining, reducing our ability to fund local projects and maintenance.
- Our debt service repayments have been increasing as an off-the-top percentage of our motor fuel collections.

2010 Debt Service Appropriations



Motor Fuel Collections vs. Debt Service Payments



As motor fuel collections decline, our efforts to repay 100% of the General Obligation debt will negatively impact Georgia DOT’s ability to:

- Efficiently operate the Department (staffing, roadway materials, equipment, etc.);
- Maintain federally-required oversight on projects; and
- Perform routine maintenance and repairs on the highway system.



More Trouble Ahead: FY 2011 Budget Issues

- New legislation stipulates new priority expenditure categories for the Department effective FY 2011, including repayment of guaranteed revenue debt and five new capital outlay programs: State Highway Construction Special Project; State Highway Maintenance Special Project; Most Needed; Off System; and LARP.
- We are facing an **estimated \$84 M less in Motor Fuel collections in FY 2011** than the amount in our FY 2010 budget.
- Georgia DOT has been required to create FY 2010 budget request scenarios of 4%, 6% and 8% reductions in State General Fund (SGF) allocations. FY 2010 SGF budget was \$15.2 M; an 8% reduction for FY 2011 would mean **\$1.2 M less to the Department**, and subsequent **reductions in Georgia DOT’s Aviation and Transit programs**.
- This scenario means reduced funds to spend on roadway maintenance, operational improvements (turn lanes, passing lanes), litter and graffiti removal, and repair of overall pavement deterioration.
- **FY 2011 Motor Fuel Collections = \$829 M (estimated), \$629 M (after debt service).**